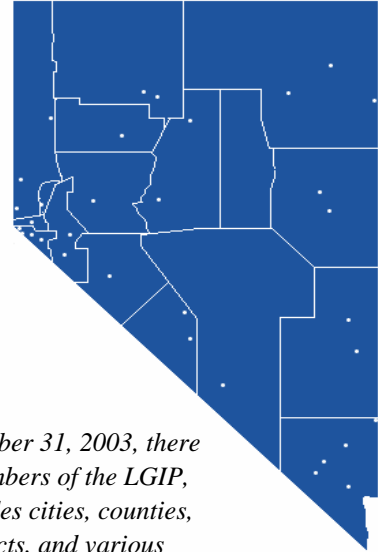


Description

The State of Nevada Local Government Investment Pool (LGIP) is established as an alternative investment program to be utilized by local governments for their public funds. This program's operation is the responsibility of the State Treasurer, who, by the provisions of state statute, has adopted guidelines for the prudent investment of these pooled funds. Any local government, as defined by NRS 354.474, may deposit its public monies into this fund for purposes of investment. As of December 31, 2003, there were 77 members of the LGIP, which includes cities, counties, school districts, and various special districts. The LGIP's foremost investment objectives include safety of principal, portfolio liquidity, and market return, which is consistent with a conservative, short duration portfolio of securities. As of December 31, 2003, the portfolio had a par value of \$539,846,000.

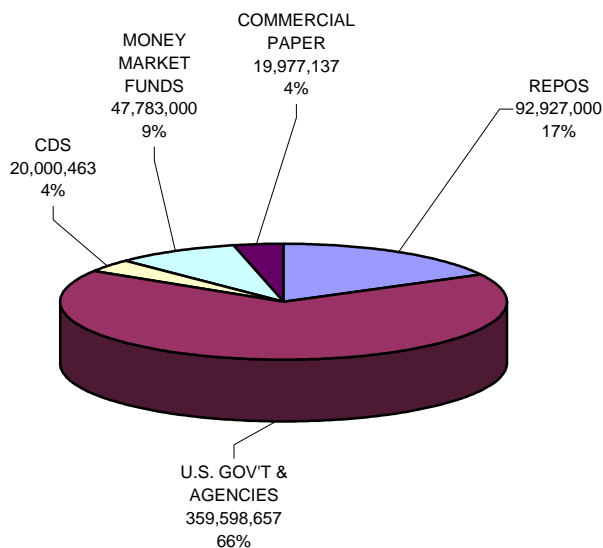


As of December 31, 2003, there were 77 members of the LGIP, which includes cities, counties, school districts, and various special districts....

Investment Guidelines

The permissible investments of the LGIP include United States treasury and agency securities, repurchase agreements, high quality commercial paper, negotiable certificates of deposit, and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The average maturity of the portfolio must not exceed 150 days, and no single security may be longer than two years.

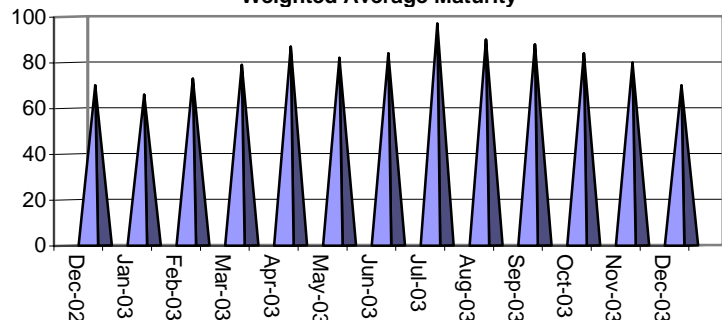
**Local Government Investment Pool
Portfolio as of December 31, 2003**



At December 31, 2003, the weighted average maturity of the LGIP was 70 days, and has ranged from 66 to 97 days in the past year...

The LGIP maintains a conservative investment strategy, which incorporates the matching of maturing securities to the cash needs of the participants. Approximately 10% of the fund matures on a daily basis, ensuring sufficient liquidity to meet both anticipated and unanticipated withdrawals. In order to prevent the forced sale of securities prior to maturity, the LGIP imposes a "Minimum Liquidity Requirement" which projects the cash flow needed to pay obligations within a four-week period. All securities to be included in this requirement must mature within 28 days. At December 31, 2003, the weighted average maturity of the LGIP was 70 days, and has ranged from 66 to 97 days in the past year.

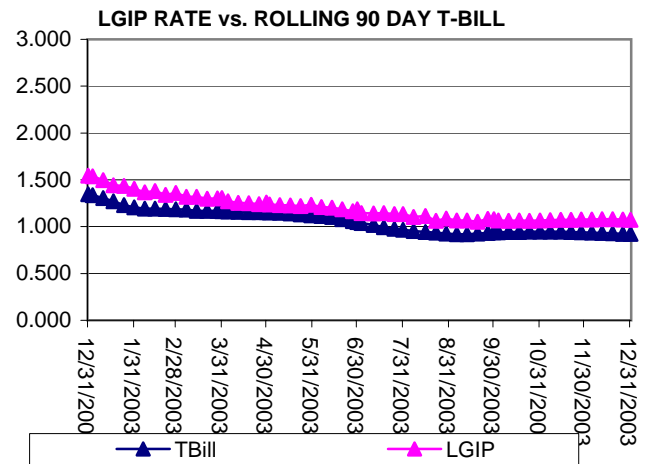
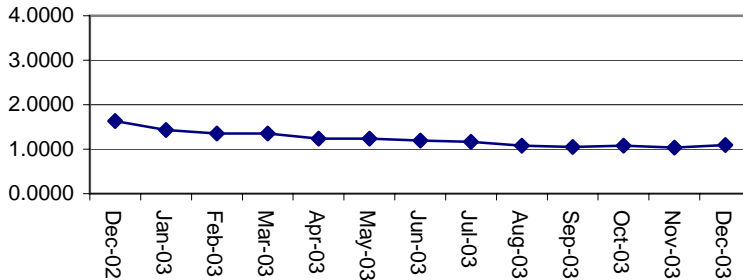
Weighted Average Maturity



★ Performance

The LGIP's investment performance is monitored on a weekly basis. The benchmark used to assess this performance is the 90 day United States treasury bill's average yield over the last 3 month period (Rolling 90 day T-bill). As of December 31, 2003, the LGIP outperformed this benchmark by 15 basis points.

HISTORICAL LGIP DISTRIBUTED RATES



As of December 31, 2003, the LGIP outperformed this benchmark by 15 basis points.

★ Administration

The State Treasurer adopted a Local Government Investment Pool Investment Policy, which was last approved by the State Board of Finance on June 11, 2002. In October 2002, the Association of Public Treasurers of the United States and Canada awarded the Certification of Excellence to the State Treasurer in recognition of his outstanding written investment policy for the LGIP. The LGIP is audited annually by an outside auditor, and may be audited at any time internally. Investment procedures and strategies are reviewed quarterly by the State Board of Finance.

STATE TREASURER'S REPORT Second Quarter Fiscal Year 2004

	<u>September 30, 2003</u>	<u>YIELD</u>	<u>December 31, 2003</u>	<u>YIELD</u>
REPOS	\$ 61,052,000		92,927,000	
U.S. GOV'T & AGENCIES	338,690,609		359,598,657	
CDS	30,000,410		20,000,463	
MONEY MARKET FUNDS	44,983,000		47,783,000	
COMMERCIAL PAPER	14,120,221		19,977,137	
TOTAL	\$ 488,846,240	1.08%	540,286,257	1.07%

DECEMBER 31, 2002 YIELD: 1.54%

TOTAL INTEREST EARNED FY 2003 THROUGH DECEMBER 31, 2002: \$4,411,900

TOTAL INTEREST EARNED FY 2004 THROUGH DECEMBER 31, 2003: \$2,800,834

YEAR-TO-YEAR COMPARISON

	<u>December 31, 2002</u>	<u>December 31, 2003</u>
TOTAL PORTFOLIO	\$ 439,790,542	\$ 540,286,257